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C O N F I D E N T I A L SECTION 01 OF 02 ROME 000587

SIPDIS

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TAGS: [PREL](#) [PGOV](#) [IT](#)

SUBJECT: ITALIANS TELL WHA A/S SHANNON THEY WILL CONTINUE
"CRITICAL" DIALOGUE WITH DIFFICULT PARTNERS IN LATIN AMERICA

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Classified By: Gabriel Escobar, Acting Deputy Political Counselor, for reasons 1.4 (b) and (d).

¶1. (C) Summary. On May 2 WHA A/S Thomas Shannon met with Giovan Battista Verderame, MFA Director General for Latin American Affairs, and his staff to discuss recent developments in the region. Verderame said Italy's commercial relationship and large expatriate community meant Italy needed a strong presence in the region. Italy preferred dialogue to confrontation, even with the most difficult partners, but insisted that it would remain objective and critical in its relations with Cuba, Venezuela and Bolivia. Verderame said Venezuela was important to Italy's energy industry and its desire not to enrage Chavez motivated Italy to abstain during the vote on Venezuela's UNSC membership. On Cuba, Verderame said the EU needed to decide whether to eliminate or maintain measures against Cuba before the EU summit in June. On Colombia, Italy was prepared to help with the hostage situation but was concerned about the rise in paramilitary violence. Shannon noted that the U.S. remained fully engaged in the region and was working with strategic partners - Mexico, Brazil, Chile and Colombia - to advance common interests. On Venezuela, Chavez' anti-Americanism had seriously damaged the relationship. The U.S. was prepared to engage in dialogue to explore ways to improve the relationship but Chavez had not reciprocated. On Colombia, the U.S. believed that the hostage situation was important but should not be the central issue in the long-running war with the FARC. On Cuba, the U.S. was urging patience in order to see if Raul Castro was intent on allowing true democratic development. End Summary.

¶2. (C) Verderame told A/S Shannon that Italy had strategic interests in Latin America that demanded Italy's engagement. Latin America represented one of the fastest growing export markets for Italy. In virtually every Latin American country, Italy represent either the largest or second largest EU exporter. Italy's energy parastatals ENI, ENEL and Telecom Italia had invested heavily in the region. Additionally, Italy had large expatriate communities in many South American countries. From Italy's perspective, the populist movements in Venezuela, Bolivia, and Ecuador had not affected the positive democratic and economic development of the region as a whole. The outgoing government had worked hard to develop relationships on behalf of Italy that would last into the next administration. To do this, Italy had chosen a policy of dialogue over confrontation, even with the most difficult partners. Nevertheless, Italy's relationship was objective and critical with Chavez, Castro and Morales and a maintained balanced policy of reaching out to opposition and dissident figures.

¶3. (C) A/S Shannon agreed that the region was developing well, despite some difficult governments. Contrary to

popular opinion, the U.S. was very engaged in the region and was committed to a policy of creating strong relationships that would continue into the next administration. The U.S. recognized that the growing influence of China and other Asian countries meant that the U.S. needed to focus attention on the region. The U.S. had developed special relationships with strategic partners - Chile, Brazil, Mexico and Colombia - to advance common interests. Shannon stated that the greatest threats to democracy were social exclusion and poverty, and that populist leaders such as Chavez were the consequence of the inability of some democratic governments to deliver the goods. The EU and individual EU nations had been helpful in the region.

Colombia

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14. (C) Turning to individual countries, Verderame asked if the U.S. was concerned about the rise in paramilitary activity in Colombia and said Italy was prepared to be helpful on the issue of FARC hostages. Shannon said Colombia's demobilization program had dismantled the AUC. Some paramilitaries had regrouped to continue drug trafficking and other illegal activity. However, these groups had lost any political purpose and intent and are seen and treated as criminals. On the hostage issue, Shannon said it was an important humanitarian issue and the U.S. was prepared to work with the Colombian government or with third parties, including Chavez, as long as it was done in coordination with Colombia and without undermining Uribe. Regarding Chavez, Shannon said he had mismanaged his previous engagement and was unlikely to be helpful in the future. Shannon emphasized that while the hostage issue was important, it should not be the focus of international attention and Uribe's efforts to end FARC violence should

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dominate the discussion.

Cuba

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15. (C) Verderame said the Italy and the EU need to decide how to approach Raul Castro. Italy had always maintained a policy of critical dialogue and engagement with dissident groups. The EU would have to decide at the June summit whether to keep or eliminate the currently frozen EU measures against Cuba. Shannon said the U.S. was urging patience, arguing that the Cuban regime had yet to take steps toward democratic change. The U.S. believed that releasing political prisoners and ending the use of the security police in political dialogue would be an important signal of Raul Castro's intentions.

Venezuela

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16. (C) Verderame said Venezuela was key to Italy's efforts to diversify its energy sources. Italy's parastatal energy companies ENI and ENEL had invested heavily in the region and, therefore, a stable relationship was important. In Verderame's view, Italy's abstention during the vote on Venezuela's membership in the UNSC helped diffuse a confrontation between Venezuela and its supporters and the rest of the international community. A/S Shannon said that Chavez' aggressive anti-Americanism had badly damaged the bilateral relationship. Although the U.S. was prepared to engage Venezuela, Chavez would not reciprocate. Looking ahead, Chavez faced significant internal challenges and had not found a democratic mechanism that would allow him to stand for election in 2012. As Chavez's problems mounted, he had become more quiescent on the international scene. Shannon noted that the early June OAS General Assembly would be a special challenge for Venezuela, since it will take

place in Colombia, and would indicate whether or not Chavez's newfound caution was a passing phase or enduring.

17. (C) A/S Shannon has cleared this cable.
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